


DATE: November 8, 2007

TO: CVRC Board Directors

VIA: David R. Garcia, Chief Executive Officer 

FROM: Eric Crockett, Redevelopment Manager 

SUBJECT: Exclusive Negotiating Agreement with Galaxy Commercial Holding, LLC
for Properties in the E Street Visitor Transit Focus Area

SUMMARY

Action	Review and consideration of Exclusive Negotiating Agreement (ENA)					
Developer	Galaxy Commercial Holding, LLC					
Project Summary	Location	Southwest corner of E St and Woodlawn Ave, immediately adjacent to the E St Trolley Station				
	Site	2.44-acre site consisting of existing hotel/motel uses. Adjacent to E St Trolley Station, former City corporate yard, and restaurant, office, and motel uses.				
	UCSP	UC-15 Subdistrict (E St Trolley Transit Focus Area)				
	Project Area	Added Area (Part of the Merged Chula Vista Project Area)				
	Product Type	Mixed-Use Residential with retail fronting E Street				
	Est. Annual T.I.	Estimated Gross Annual T.I.: \$3,152,000				
CVRC Functions	Function	Project Elements			Rules & Regulations	
	Redevelopment	ENA	✓	DDA/OPA	Cal. Redev. Law	✓
		GPA		CUP	General Plan	
	Planning	Rezone		Variance	Zoning Code	
					UCSP	
	Design Review	DRC		UCDP	Design Manual	
					Landscape Manual	
					UCSP	
	Environmental	Exemption	✓	Initial Study	CEQA Guidelines	✓
		ND/MND		EIR		

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BACKGROUND

On August 29, 2007, Galaxy Commercial Holding, LLC ("Galaxy") submitted to the Community Development Department a Statement of Qualifications ("SOQ") and conceptual development proposal for the development of several properties located in the City's E Street Visitor Transit Focus Area ("TFA"). This particular location is one of three TFAs in the City designated by the 2005 General Plan Update and 2007 Urban Core Specific Plan, allowing the greatest densities and heights in the City. The proposed ENA properties consist of two existing hotel/motel sites that comprise 2.44 acres (106,189 square feet) of land located immediately adjacent to the E Street Trolley Station (vicinity map attached as Attachment #1). Galaxy is currently under contract to purchase the subject properties.

Galaxy is seeking an Exclusive Negotiating Agreement ("ENA") with the CVRC to:

- Assist Galaxy in the scoping of City development requirements (e.g., processes, procedures, fees, schedule).
- Engage in forums for early public input on development concepts, including the Redevelopment Advisory Committee ("RAC") and CVRC.
- Study additional development opportunities on adjacent properties, including land for parks and affordable housing.

Based on Galaxy's qualifications and the anticipated project benefits, staff is recommending that the CVRC enter into an ENA with Galaxy (Attachment #2) to facilitate the development of the subject properties. A brief overview of Galaxy's conceptual development proposal and project benefits are provided below.

DEVELOPMENT CONCEPT	
Buildings	Mid-rise and high-rise with screened podium parking
FAR	6.0
Height	210' (high-rise)
Units	Up to 780 units, phased over time
Retail	Retail component along E Street
Parking	1.0 sp/du

ANTICIPATED PROJECT BENEFITS	
Tax Increment	Estimated Annual Gross T.I.: \$3,152,000
Low-Mod Affordable Housing Funds	Estimated Annual T.I. Set-Aside to Low-Mod Affordable Housing Fund: \$630,400
Affordable Housing Development	10% Inclusionary Requirement: <ul style="list-style-type: none">• 39 units low-income• 39 units mod-income
Parkland	Parkland dedication/fees

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FISCAL IMPACT

**Added Area Project Area
Estimated Annual Tax Increment**

Approx. Annual Gross Tax Increment (T.I.)		\$3,152,000
Low & Moderate Set Aside	(20% of Gross T.I.)	\$630,400
Approx. Annual Net Tax Increment (T.I.)		\$2,521,600
AB 1290 Pass-Throughs	(25% of Net T.I.)	\$630,400
County of San Diego		
Sweetwater Union High School District		
Southwestern Community College		
SD County Office of Education		
Chula Vista Elementary School		
NET ANNUAL T.I. TO REDEV. AGENCY		(60% of Gross T.I.) \$1,891,200

RECOMMENDATION

Staff recommends that the Chula Vista Redevelopment Corporation adopt a Resolution approving an Exclusive Negotiating Agreement By and Between the Chula Vista Redevelopment Corporation and Galaxy Commercial Holding, LLC for Properties Located in the E Street Visitor Transit Focus Area at the Southwest Corner of E Street and Woodlawn Avenue.

DISCUSSION

The following discussion provides a more detailed description of:

- Developer qualifications
- Development activity in the E Street Visitor TFA / UC-15 Subdistrict
- Galaxy's Conceptual Development Proposal
- Project Benefits and Challenges
- ENA Schedule of Activities

Developer Qualifications

Galaxy possesses extensive experience developing urban products in Southern California. Most notable is a recent project named VUE which is nearing completion in San Pedro, California. Old Town San Pedro shares many characteristics with Chula Vista's Urban Core. It is a historic port community in the City of Los Angeles that has long been located in a redevelopment project area, but has never generated enough market confidence to

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attract new development. Recognizing a rare opportunity to take advantage of San Pedro's harbor views of Los Angeles County's South Bay, Galaxy pursued the purchase and assembly of multiple parcels in the Old Town area to facilitate the development of VUE, a 16-story, 318-unit, \$175 million high-rise condominium project with 180° views of the South Bay (255 West 5th Street, San Pedro, CA; <http://www.vue-living.com>). Galaxy is seeking the same opportunity in Chula Vista – to build a first-class condominium project capturing 180° views of San Diego County's South Bay.

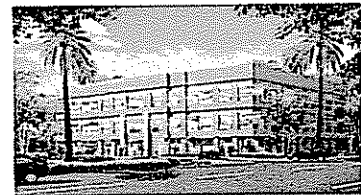


Galaxy designed, processed, and began construction of Vue without any formal assistance or participation from the Community Redevelopment Agency of the City of Los Angeles ("CRA/LA"). The Agency did, however, play a critical role in the entitlement process because of CRA/LA's jurisdiction over certain permit approvals. Staff was able to get in contact with the CRA/LA's primary staff person who worked on the Vue project, Susan Totaro, who provided a very favorable reference about CRA/LA's experience working with the Galaxy development team, citing in particular their ability to work with the local community on design refinements. (See Attachment #4 for a copy of an e-mail from CRA/LA's Susan Totaro.) Staff is proposing that the CVRC and staff play a similar role with Galaxy through the CVRC's ENA and Urban Core Development Permit ("UCDP") processes.



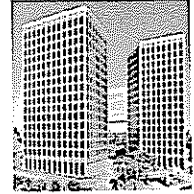
Other notable projects that Galaxy has developed or is currently processing are described below. A copy of Galaxy's Statement of Qualifications is also included as Attachment #5.

- Blü: 11-story, contemporary high-rise apartment building on Wilshire Boulevard in Beverly Hills. 37-unit luxury apartment project involving the adaptive reuse of an 11-story office building. Currently the only for-lease high-rise in Beverly Hills. <http://www.blubeverlyhills.com>
- 1300 Redlands Blvd: Currently in the predevelopment process for a 100,000 square-foot office building in Redlands, CA. Three-story concrete and glass building that will incorporate an office park atmosphere, trees and landscaping, and ample parking.



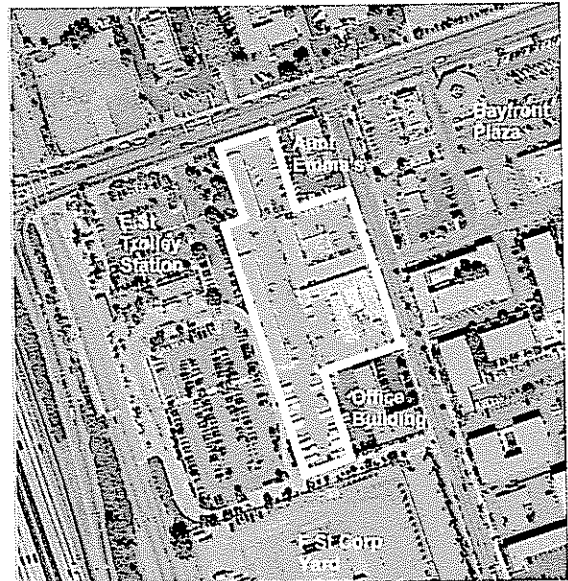
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- Figueroa Plaza: Raffi Cohen, President of Galaxy, is best known for this groundbreaking development in downtown Los Angeles. 660,000 square feet of twin office towers, with 1.2 million square feet of underground parking, at First and Figueroa Streets.



Development Activity in the E Street Visitor TFA / UC-15 Subdistrict

In addition to the subject site, other real estate/development activity in the E Street Visitor TFA / UC-15 Subdistrict is creating a unique opportunity for the City and CVRC to work with private investors to “master plan” transit-oriented development around the E Street Trolley Station. The Intergulf-Lennar development team has an ongoing ENA with the CVRC/Agency for the City’s former corporate yard located on the northwest corner of F Street and Woodlawn Avenue, immediately south of the Galaxy site. Intergulf/Lennar is proposing multiple high-rise towers, consistent with the UC-15 Subdistrict’s 6.0 FAR and 210’ height limit. (See Attachment #6 for a copy of the UC-15 zoning sheet.) Immediately north of the corporate yard and west of the Galaxy site is the E Street Trolley Station. The San Diego Metropolitan Transit System (“MTS”) has also expressed openness during previous discussions about the possible redevelopment of the E Street Trolley Station as a mixed-use facility that includes rental housing.

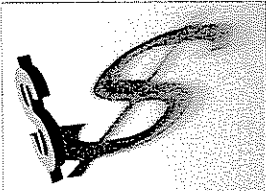


Conceptual Development Proposal

In addition to the three parcels that are the primary subject of this ENA, Galaxy has made offers on two additional sites adjacent to the subject parcels: (1) Aunt Emma’s Restaurant, and (2) the office building located immediately south of The Traveler Inn. Galaxy’s conceptual development proposal envisions a phased development strategy in accordance with the UCSP. This would include mid-rise and high-rise buildings with retail along E Street (possibly wrapping Woodlawn Avenue), screened podium parking, and paseos to provide pedestrian access to the E Street Trolley Station through the project. Galaxy is estimating that, under ideal conditions, it could build up to 780 units on the site over time, in phased increments of two to three hundred units.

Project Benefits & Challenges

In addition to creating needed density on the west to jumpstart the Urban Core Specific Plan, Galaxy's development concept has the potential to generate significant public benefits:

- Tax Increment (T.I.): As proposed, the project has the potential to ultimately annually generate **\$3,152,000** (Gross T.I.) of new local revenues for affordable housing, schools, and other redevelopment activities, including infrastructure improvements. (See "Fiscal Impact" Section on Page 7.)
- Affordable Housing: The City's existing Inclusionary Housing Policy requires that 10% of new residential construction be affordable to low- and moderate-income residents. Due to land availability on the west, however, the majority of Chula Vista's new affordable housing has historically been built on the east. To create **new quality housing stock on the west at affordable prices and rents**, the City's Housing Element and the Redevelopment Agency's Five Year Implementation Plan both prioritize the creation of new affordable housing on the west, particularly within redevelopment project areas. The proposed ENA project could make great strides toward creating a more balanced housing stock on the west. As envisioned, this project could produce an inclusionary requirement of up to 80 affordable units at eventual buildout.
- Parkland: Similar to affordable housing, limited land availability on the west presents significant challenges to the physical acquisition and development of parkland, even with the collection of significant park fees. Based on the location of the ENA site, however, Galaxy's project has the potential to create **land for new parks**, including the possible beginning of the UCSP's linear park vision along Woodlawn Avenue.
- E Street Trolley Crossing: The location of the ENA site also presents some challenges to development, particularly with respect to the E Street Trolley crossing. These challenges, however, could ultimately become important opportunities for creating greater public benefit. The E Street Trolley crossing has been identified for several years now by SANDAG as a priority location for a split-grade station (either above- or below-ground).

Undergrounding the Trolley line at this intersection would significantly lessen traffic levels at the crossing and create greater connectivity between the Urban Core and Bayfront. Funding, however, is and will continue to be a major factor in the timing of the grade separation. Net Tax Increment that the Redevelopment Agency could generate from the Galaxy project could be leveraged to issue bonds to help fund and prioritize the grade separation.

ENA Schedule of Activities

A key element of the ENA is the Schedule of Activities (Attachment #7). The proposed Galaxy schedule differs from most schedules that the CVRC has reviewed in the past, because of: (1) the possibility that no Redevelopment Agency assistance will be needed to build the project; and (2) the potential magnitude and importance of this catalyst project for the Urban Core. The proposed ENA schedule includes two instances of early CVRC technical input on the project. These early working sessions with the CVRC will allow for more informal dialogue between the Board and developer to openly discuss and exchange ideas about the physical and financial opportunities and challenges of the project.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the CVRC Directors and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action.

ATTACHMENTS

1. Vicinity Map – ENA Properties and Study Area
2. Draft Galaxy ENA
3. Draft CVRC Resolution Approving the Galaxy ENA
4. Reference E-mail for Galaxy from CRA/LA
5. Galaxy Statement of Qualifications
6. UC-15 Subdistrict Zoning Sheet
7. ENA Schedule of Activities

PREPARED BY: Ken Lee, Principal Community Development Specialist

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JEFFERSON

E

WOODLAWN

F

I-5 FREEWAY RAMP



I-5 FREEWAY RAMP

I-5 FREEWAY

I-5 FREEWAY

LAGOON

BAY

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GALAXY ENA



ENA "Property"



ENA "Study Area"



UC-15 Subdistrict

EXCLUSIVE NEGOTIATING AGREEMENT

This Exclusive Negotiating Agreement ("Agreement"), dated as of this 8th day of November, 2007 ("Effective Date"), is made by and between the CHULA VISTA REDEVELOPMENT CORPORATION, a California nonprofit, public benefit corporation ("CVRC"), on behalf of and for the Redevelopment Agency of the City of Chula Vista, a public body, corporate and politic ("Agency"), and GALAXY COMMERCIAL HOLDING LLC, a Delaware limited liability company ("Developer"), with reference to the following facts:

RECITALS

In furtherance of the objectives of the California Community Redevelopment Law, the Agency has undertaken a program for the redevelopment of certain areas within the City of Chula Vista ("City"), and in connection therewith is undertaking and carrying out activities for redevelopment in the Added Area and Town Centre II Project Areas ("Project Areas") pursuant to and in furtherance of the redevelopment plan for the Project Area ("Redevelopment Plan").

The subject matter of this Agreement concerns that certain real property located within the Added Area Project Area ("Added Area") as depicted in Exhibit "A" hereto ("Property"). The Property consists of three parcels encompassing approximately 106,189 square feet, or 2.44 acres, of territory located along the southerly side of E Street, between Interstate 5 Freeway and Broadway in the City of Chula Vista (Assessor Parcel Numbers 567-031-1700, 567-031-2800, 567-031-2900).

Developer has an interest in the Property through a 300-day Purchase and Sale Agreement. Existing uses and structures on the Property include a Best Western hotel located at 710 E Street (Assessor Parcel Number 567-031-1700) and The Traveler's Inn motel located at 230 Woodlawn Avenue (Assessor Parcel Numbers 567-031-2800, 567-031-2900).

The Developer submitted an unsolicited proposal and statement of qualifications for development of the Property on August 29, 2007, and is proposing to develop an urban, mixed use residential development ("Project"), in accordance with the City's land use goals and policies for the E Street Visitor Transit Focus Area of the General Plan, and the City's development standards and design guidelines of the UC-15 Subdistrict of the Urban Core Specific Plan ("UCSP").

Based on the Developer's proposal and qualifications, the CVRC desires to enter into this Agreement with the following objectives, consistent with the terms and conditions of this Agreement:

- Facilitate a cooperative development process that will result in high quality development of the Property;
- If warranted and appropriate, consider entering into a mutually acceptable owner participation agreement ("OPA") for the development of the Property; and

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- If warranted and appropriate, explore additional development opportunities adjacent to the Property within the UC-15 Subdistrict of the UCSP, depicted in Exhibit "A" as ENA "Study Area."

The CVRC and the Developer ("Parties") desire to enter into this Agreement in order to set forth the rights and duties of the Parties during the term of the Exclusive Negotiating Period.

NOW, THEREFORE, in consideration of the foregoing Recitals and the obligations contained herein, the Parties mutually agree as follows:

1. GOOD FAITH NEGOTIATIONS

A. CVRC and Developer agree (pursuant to Section 2.A) to negotiate in good faith pursuant to the terms of this Agreement, an OPA or other form of agreement or agreements to be entered into between the Agency and Developer concerning the development of the Property by Developer. During the negotiation period pursuant to Section 2 below, CVRC agrees not to negotiate with any other person or entity regarding development of the Property without the consent of Developer. Nothing in this Agreement shall be deemed a covenant, promise or commitment by the CVRC, the Agency, the City of Chula Vista, or any agency of the City, with respect to the acquisition of property or the approval of the development project. CVRC's acceptance of this Agreement is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by Agency as to any actions required of it.

B. Notwithstanding the foregoing, Developer acknowledges that Agency may receive from time to time, unsolicited alternative proposals for the development of the Property. Agency shall notify Developer within ten days after receiving an unsolicited development proposal for all or any portion of the Property. Agency and Developer shall confer in good faith to assess the benefits of the unsolicited proposal. The CVRC and Agency agree, however, to not enter into any other Exclusive Negotiating Agreement, or enter into negotiation with any other persons or entities, with regard to the Property during the negotiation period, as described in Section 2.A of this Agreement.

2. NEGOTIATION PERIOD

A. CVRC and Developer agree to negotiate for an initial period of three hundred (300) days which shall commence on the Effective Date unless earlier terminated in accordance with the provisions hereof ("Initial Negotiation Period").

B. If, upon the expiration of such Initial Negotiation Period, the Parties have not each approved and executed an OPA, or other agreement for development of the Property, then the Chief Executive Officer of the CVRC ("CEO"), in his or her sole discretion, on behalf of the CVRC, is authorized to extend, in writing, the term of this Agreement for up to an additional one hundred fifty days (150) days ("Extended Negotiation Period") provided that at the end of the Initial Negotiation Period, neither the CVRC nor the Developer has exercised its right to

terminate the Agreement, as provided herein, and the Developer is in full compliance with all terms and conditions hereof, the Developer concurs with such extension of the negotiation period, and the CEO has determined that: (i) there is a reasonable likelihood that the Developer will agree to terms and conditions for the development of the Project on the Property; and (ii) Agency staff will be able to recommend approval of the OPA or other agreement for development of the Property to the Agency prior to the expiration of the Extended Negotiation Period.

C. If, after expiration of the Initial Negotiation Period, or after the Extended Negotiation Period if this Agreement is extended, the Parties have not each approved and executed an OPA, or other agreement for development of the Property, then this Agreement shall automatically terminate and Developer shall have no further rights regarding the subject matter of this Agreement or the Property, and Agency shall be free to negotiate with any other persons or entities with regard to the Property.

D. Developer acknowledges that it is in the process of acquiring the subject Property and opened an escrow account on or about August 15, 2007 and that escrow shall close 300 days after Developer has removed all contingencies pursuant to Developer's Purchase and Sale Agreement. Developer acknowledges and agrees that, should the subject Property fall out of escrow, or should escrow not close for any reason, this Agreement shall immediately terminate.

3. OBLIGATIONS OF DEVELOPER

A. Schedule

CVRC and Developer agree and acknowledge that all submittals required by this Agreement shall be submitted pursuant to the timeline attached hereto as Exhibit "B." Exhibit "B" may be amended administratively by the CEO as needed and with the concurrence of the Developer in writing, provided the timeline does not exceed the Initial Negotiation Period or the Extended Negotiation Period, if applicable.

B. Development and Design Plans

During the negotiation period, Developer shall submit development and design plans for the Project as described in Exhibit "B." Developer shall also furnish such information to CVRC regarding the Project as may be required by CVRC and/or City to perform an environmental review pursuant to the California Environmental Quality Act ("CEQA"). All fees and expenses for engineers, architects, financial consultants, legal, planning or other consultants retained by Developer to perform Developer's obligations set forth in this Agreement shall be the sole responsibility of Developer.

C. Reports, Studies and Public Participation

Developer shall make written reports to the CVRC on the Developer's progress toward meeting its obligations under this Agreement as requested by the CVRC, and if requested by the CVRC, Developer shall make periodic oral progress reports on all matters and all studies being

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made related to the acquisition of the Property and development of the Project and other matters under negotiation to the extent that they do not include confidential matters. As CVRC deems reasonably necessary or appropriate, presentations may be requested at public forums to solicit input from citizens, businesses, stakeholders and relevant interest groups.

D. Financing

Developer shall, consistent with Exhibit "B," develop a program of financing that provides the CVRC with reasonably satisfactory evidence that financing will be available for acquisition and development of the Property.

E. Deposit

Within fourteen (14) days of the Effective Date, Developer shall deposit with CVRC \$10,000 (Ten Thousand Dollars) in immediately available funds ("ENA Deposit"). The ENA Deposit shall be used by CVRC to conduct project analysis for this Agreement including, but not limited to, payment for third party consultants and other reasonable costs incurred by the CVRC and Agency in conducting such analysis. Upon written request of Developer, CVRC shall provide Developer with regular accounting of funds expended. CVRC shall request additional deposits if the ENA Deposit is exhausted and/or Developer submits a written request for Redevelopment Agency assistance or participation in the Project and CVRC determines further analysis is required. CVRC may cease negotiations and all activities of third party consultants until such time as ENA Deposit is replenished as reasonably requested by CVRC. Any deposit balance remaining upon the termination of the Agreement, less any interest earned on said deposit, shall be returned to Developer or shall be applied to any deposit required by a subsequent OPA or other agreement for development of the Property.

4. CVRC OBLIGATIONS AND DUE DILIGENCE

A. During the Negotiation Period, if Developer submits a written request for Redevelopment Agency assistance or participation in the Project, CVRC shall conduct a due diligence investigation of the Developer's ability to own and/or operate the Project in a responsible manner. If the CEO determines in his or her sole discretion that Developer does not have the ability to successfully own and/or operate the Project in a responsible manner, the CEO may terminate this Agreement by delivering written notice thereof to Developer. CVRC's due diligence efforts may include, without limitation, the following:

1. Assessment of the proposed financing and the capacity of Developer to qualify for financing for the Project. At the written request of the CVRC, Agency or City, Developer also agrees as a continuing obligation to provide to the CVRC, Agency or City all documentation reasonably related for the CVRC, Agency or City to assess the proposed financing and the capacity of Developer to qualify for financing for the Project; and

2. Assessment of the capacity of Developer and its principal staff to effectively own and/or manage the Project, including the ability to carry out any ongoing management oversight responsibilities. At the written request of the CVRC, Agency or City, Developer also agrees as a continuing obligation to provide to the CVRC, Agency or City all documentation reasonably related for the CVRC, Agency or City to assess the capacity of

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Developer and its principal staff to effectively own and/or manage the Project, including the ability to carry out any ongoing management oversight responsibilities.

B. CVRC agrees to cooperate with Developer in providing equity partner(s) and/or lender(s) of Developer with appropriate and necessary information for the Developer to fulfill its obligations hereunder, which information is not otherwise privileged.

C. CVRC shall also cooperate with Developer's professional consultants and associates in providing them with any information and assistance, so far as such information is not otherwise privileged, reasonably within the capacity, possession or control of the CVRC in connection with the preparation of the Developer's submissions to the CVRC.

D. CVRC acknowledges that, during the Negotiation Period, Developer may pursue the purchase of additional properties located in the ENA Study Area. During the Negotiation Period, the CEO shall have the authority to administratively amend the ENA to incorporate additional parcels as "Properties" subject to the ENA upon written request of the Developer and receipt of evidence from the Developer that Developer has entered into a fully executed Purchase and Sale Agreement, or other Agreement as deemed appropriate, for the acquisition of said parcels.

5. OPA

The Parties hereby acknowledge and agree that, during the Initial Negotiation Period and, if applicable, the Extended Negotiation Period, the Parties shall use their respective good faith efforts to negotiate and enter into an OPA or other agreement for development of the Property which shall include, but not be limited to, the following: (i) the design of the Project by the Developer, which design and any required permits shall be subject to the approval by the CVRC and/or City; (ii) the construction of the Project by the Developer in accordance with final plans and specifications to be provided by the Developer and approved by the CVRC and/or City, pursuant to a detailed schedule of performance by the Developer; (iii) the operation and management of the Project by the Developer in a good and professional manner and subject to the covenants required by law; (iv) the maintenance of landscaping, buildings, and improvements in good condition and satisfactory state of repair so as to be attractive to the community; (v) the operation of the Project by the Developer in compliance with all equal opportunity standards established by federal, state and local law; (vi) provision by each contractor and/or subcontractor (as the case may require and as appropriate) performing work on the Project of the requisite performance bond and labor and materials payment bond to assure completion of the Project free of mechanics' liens; (vii) the Project shall be of a quality consistent with plans and renderings provided by Developer and approved by the CVRC; (viii) the terms and conditions upon which either party may terminate the OPA (e.g., the discovery of environmental issues/hazardous substances on the Property, unexpected development or construction costs).

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6. ADDITIONAL TERMS AND OBLIGATIONS

A. Real Estate Commissions

CVRC shall not be liable for any real estate commission or brokerage fees which may arise herefrom. Developer agrees to indemnify and hold the CVRC, Agency and City harmless from and defend CVRC, Agency and City against claims for commissions or fees made by such party and against any damage or expense that the CVRC, Agency and City may incur, including expenses for attorney's fees and court costs.

B. Each Party to Bear its Own Cost

Each party shall bear its own costs incurred in connection with the negotiation of an OPA or other agreement for development of the Property, and the implementation of this Agreement, except as otherwise expressly provided herein or expressly agreed in writing.

C. Confidentiality

CVRC and Developer recognize that disclosures made by Developer pursuant to this Agreement may contain sensitive information and that the disclosure of such information to third parties could impose commercially unreasonable and/or uncompetitive burdens on Developer and, may correspondingly, diminish the value or fiscal benefit that may accrue to the CVRC upon the redevelopment of the Property by the Developer, if a future OPA or other agreement for development of the Property is entered into by the Parties. Developer acknowledges and agrees that CVRC is a public entity with a responsibility and, in many cases, legal obligation to conduct its business in a manner open and available to the public. Accordingly, any information provided by Developer to CVRC with respect to the Property, the Project or Developer may be disclosed to the public either purposely, inadvertently, or as a result of a public demand or order. With respect to any information provided that Developer reasonably deems and identifies in writing as proprietary and confidential in nature, CVRC agrees to exercise its best efforts to keep such information confidential. In addition, if CVRC determines that it is required under applicable law to disclose any information identified by Developer as proprietary and confidential in nature, CVRC shall notify Developer as least three business days before disclosure of such information which will provide Developer the opportunity to seek a protective order preventing such disclosure.

D. Assignment

1. CVRC would not have entered into this Agreement but for Developer's unique qualifications and experience. Therefore, Developer's rights and obligations under this Agreement may not be assigned without the prior written approval of CVRC in its sole discretion. Notwithstanding the foregoing, subject to the prior written approval of the CEO, which shall not be unreasonably withheld, Developer may assign its rights hereunder to a new entity formed by the Developer for purposes of developing the Project. Such new entity may include additional parties provided that the Developer retains responsibility for fulfilling its

obligations hereunder and Developer retains management control and authority over the entity and the Project.

2. Upon the assignment sale or transfer, whether voluntary or involuntary, of more than fifty percent (50%) of the membership, ownership, management or control of the Developer (other than such changes occasioned by the death or incapacity of any individual) that has not been approved by the CVRC, the CVRC may terminate this Agreement, without liability, by sending written notice of termination to Developer.

E. Nondiscrimination

Developer shall not discriminate against nor segregate any person, or group of persons on account of race, color, creed, religion, sex, marital status, disability, national origin or ancestry in undertaking its obligations under this Agreement.

7. RETENTION OF DISCRETION

A. By its execution of this Agreement, CVRC is not committing itself or agreeing to undertake any activity requiring the subsequent exercise of discretion by CVRC, Agency, or City, or any department thereof including, but not limited to, the approval and execution of an OPA or other agreement for development of the Property; the proposal, amendment, or approval of any land use regulation governing the Property; the provision of financial assistance for the development of any public or private interest in real property; the authorization or obligation to use the Agency's eminent domain authority; or, any other such activity.

B. Developer understands and agrees that the CVRC, Agency, and City, in their respective legislative roles, reserve the right to exercise their discretion as to all matters which the CVRC, Agency, and City are by law entitled or required to exercise such discretion, including but not limited to, entitlements or permits for the development of the Property and adoption of any amendments to policy documents (including the General Plan, Urban Core Specific Plan, and Redevelopment Plans). In addition, Developer understands and agrees that the entitlements and any other documents shall be subject to and brought to the CVRC, Agency, or City, as appropriate, for consideration in accordance with applicable legal requirements, including laws related to notice, public hearings, due process, and the California Environmental Quality Act.

C. Developer acknowledges that any plans processed for the Property will be based upon the current General Plan and Zoning Code of the City. Additionally, Developer acknowledges that the City is still in the process of completing certain portions of the Urban Core Specific Plan ("UCSP"). Developer acknowledges and agrees that the City may consider a number of development alternatives for the Property for consideration by the City Council as part of City's UCSP process. Developer further acknowledges that the City is currently in litigation over the UCSP and that said litigation could affect the Property and the Developer's interests therein. Developer agrees and acknowledges that the processing, adoption and/or amendment of the General Plan or the UCSP by the City is not a consideration in its proceeding with this Agreement or the proposed development project and Developer may need to request

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amendments to the General Plan or UCSP. The General Plan and UCSP are legislative actions and this agreement does not limit or in any way interfere with the City Council's ability to exercise their discretionary authority as it relates to these or any other legislative actions. Developer acknowledges and agrees that the exercise of the City's legislative discretion, whether by the City Council's own actions or pursuant to or as a result of any litigation shall not form the basis of breach of this Agreement, express or implied, or any other claims against the City.

D. This Agreement does not constitute a disposition of property or exercise of control over property by CVRC and does not require a public hearing. CVRC execution of this Agreement is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by Agency as to any proposed OPA or other agreement for development of the Property and all proceedings and decisions in connection therewith. The parties understand that Agency has the complete and unfettered discretion to reject an OPA or other agreement for development of the Property without explanation or cause. The risk of loss of all processing, design and developmental costs incurred by the Developer prior to OPA or other agreement for development of the Property approval shall be absorbed entirely by Developer. As to any matter which the CVRC and/or Agency may be required to exercise its unfettered discretion in advancing the Project to completion, nothing herein shall obligate the CVRC and/or Agency to exercise its discretion in any particular manner, and any exercise of discretion reserved hereunder or required by law, shall not be deemed to constitute a breach of CVRC duties under this agreement.

8. TERMINATION RIGHTS

Notwithstanding the Initial or Extended Negotiating Periods hereinabove set forth, either party may terminate this Agreement if the other party has materially defaulted in its obligations herein set forth, and the terminating party has provided defaulting party with written notification of such determination, and the defaulting party has refused to cure same. The written notification shall set forth the nature of the actions required to cure such default if curable. Defaulting party shall have 30 days from the date of the written notification to cure such default. If such default is not cured within the 30 days, the termination shall be deemed effective. Any failure or delay by a party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any rights or remedies associated with a default. Each party shall also have the right to terminate this Agreement in the event that CVRC or Developer determines that: (a) the Project is infeasible or not in the public interest; or (b) the parties reach an impasse in their negotiation of the OPA, or other agreement for development of the Property, which cannot be resolved after good faith efforts.

9. GENERAL PROVISIONS

A. Addresses for Notice

Developer's Address for Notice:

Galaxy Holding, LLC
8906 W. Olympic Boulevard, Suite 200
Beverly Hills, California 90211

5.1-16

Attention: Raffi Cohen, President
Telephone: (310) 273-7233
Fax: (310) 273-7239
Copy to: Diane Erickson, Vice President/Project Manager

CVRC's Address for Notice:

City of Chula Vista – CVRC
Community Development Department
276 Fourth Avenue
Chula Vista, CA 91910

Attention: Eric Crockett, Redevelopment Manager
Telephone: (619) 691-5047
Fax: (619) 476-5310
Copy to: Ken Lee, Principal Community Development Specialist

B. Authority

Each party represents that it has full right, power and authority to execute this Agreement and to perform its obligations hereunder, without the need for any further action under its governing instruments, and the parties executing this Agreement on the behalf of such party are duly authorized agents with authority to do so.

C. Counterparts

This Agreement may be executed in multiple copies, each of which shall be deemed an original, but all of which shall constitute one Agreement after each party has signed such a counterpart.

D. Entire Agreement

This Agreement together with all exhibits attached hereto and other agreements expressly referred to herein, constitutes the entire Agreement between the parties with respect to the subject matter contained herein. All prior or contemporaneous agreements, understandings, representations, warranties and statements, oral or written, are superseded.

E. Further Assurances

The parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this Agreement and the intentions of the parties.

F. No Third Party Beneficiaries

There are no other parties to this Agreement, express or implied, direct or indirect. CVRC and Developer acknowledge that it is not their intent to create any third party beneficiaries to this Agreement.

5.1-17

G. Exclusive Remedies

1. In the event of default by either party to this Agreement, the Parties shall have the remedies of specific performance, mandamus, injunction and other equitable and legal remedies. Neither party shall have the remedy of monetary damages against the other; provided, however, that the award of costs of litigation and attorneys' fees shall not constitute damages based upon breach of this Agreement where such an award is limited to the reasonable costs of litigation incurred by the Parties.

2. Each party acknowledges that it is aware of the meaning and legal effect of California Civil Code Section 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him would have materially affected his settlement with debtor.

California Civil Code Section 1542 notwithstanding, it is the intention of the Parties to be bound by the limitation on damages and remedies set forth in this Section 7G, and the Parties hereby release any and all claims against each other for monetary damages or other legal or equitable relief related to any breach of this Agreement, whether or not any such released claims were known to either of the Parties as of the date of this Agreement. The Parties each waive the benefits of California Civil Code Section 1542 and all other statutes and judicial decisions of similar effect with regard to the limitations on damages and remedies and waivers of any such damage and remedies contained in this Section 7G.

H. Indemnity

Developer shall indemnify, protect, defend and hold harmless CVRC, City and Agency, its elected officials, employees and agents from and against any and all challenges to this Agreement, or any and all losses, liabilities, damages, claims or costs (including attorneys' fees) arising from Developer's negligent acts, errors, or omissions with respect its obligations hereunder or the Property, excluding any such losses arising from the sole negligence or sole willful misconduct of CVRC, City or Agency, its elected officials, employees, and agents. This indemnity obligation shall survive the termination of this Agreement.

I. Time is of the Essence

Time is of the essence for each of Developer's obligations under this Agreement.

[NEXT PAGE IS SIGNATURE PAGE]

5.1-18

Signature Page
To
Exclusive Negotiating Agreement

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date set forth above, thereby indicating the consent of their principals.

CHULA VISTA
REDEVELOPMENT CORPORATION

GALAXY HOLDING, LLC
California Limited Liability Company

By: _____
Chris Lewis
Chair

By: _____
Raffi Cohen
President

Date: _____

Date: 10/31/07

APPROVED AS TO FORM:

By: _____
Ann Moore
General Counsel

Date: _____

ATTEST:

By: _____
Ann Hix
Secretary

5.1-19

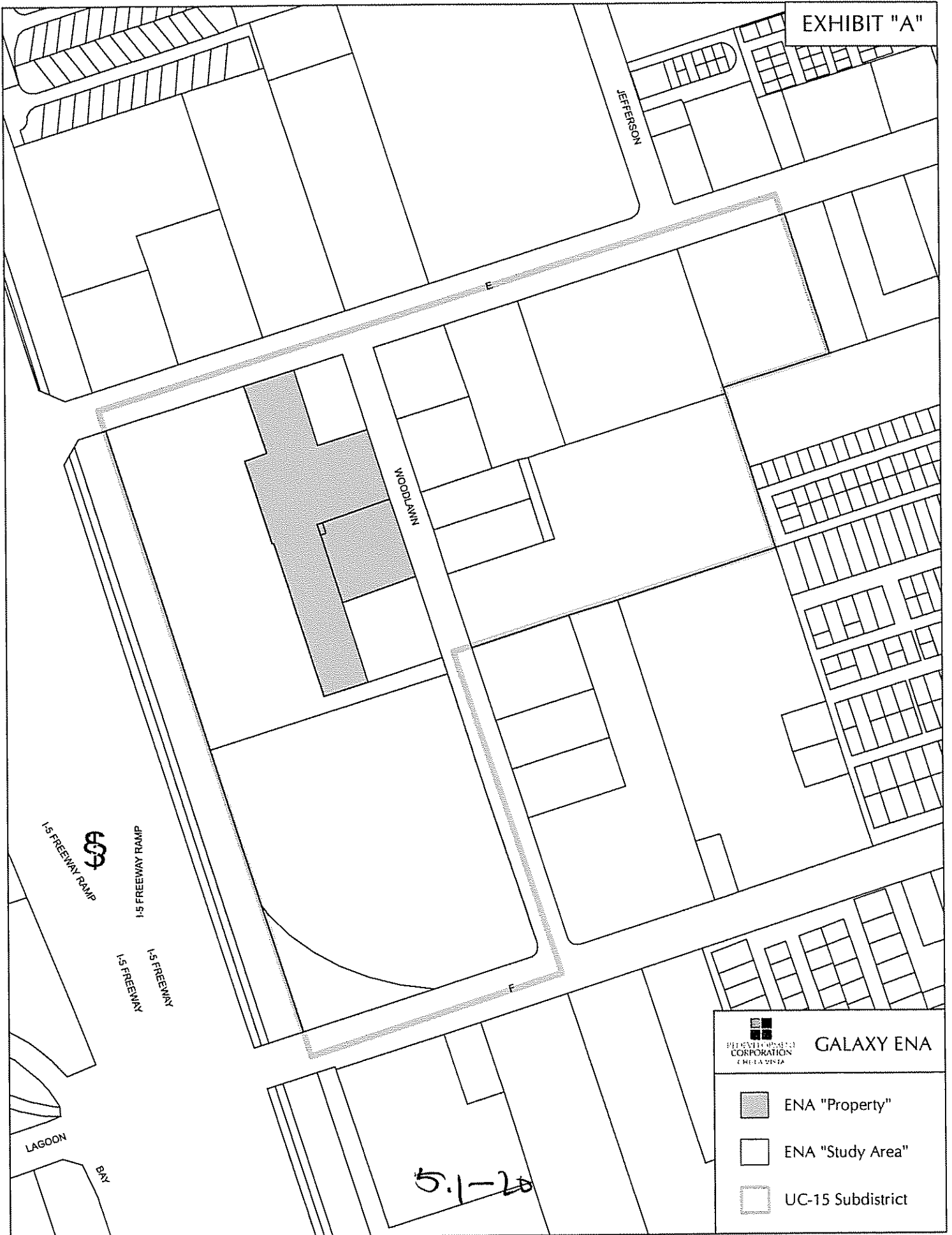


EXHIBIT "B"
EXCLUSIVE NEGOTIATING AGREEMENT
SCHEDULE OF ACTIVITIES

ACTIVITY	DESCRIPTION	RESPONSIBLE PARTY
Within 90 Days of ENA Execution		
Development Concepts	Submittal of preliminary development concepts and design for staff review and comment.	Galaxy
CVRC Technical Input #1	Early technical input and comment from CVRC Board of Directors on preliminary development concepts, including development opportunities and constraints in the UC-15 Subdistrict.	Staff & Galaxy
RAC #1	Presentation of preliminary design concepts and drawings to the Redevelopment Advisory Committee for early public input.	Galaxy
Within 120 Days of RAC #1		
Application Submittal	Formal submittal of Urban Core Development Permit (UCDP) application.	Galaxy
RAC #2	Presentation of project design to the Redevelopment Advisory Committee for review, comment, and advisory recommendation.	Galaxy
CVRC Technical Input #2	Presentation of revised/final project design to CVRC Board of Directors for technical input and comment prior to final CVRC Hearing.	Galaxy
Within 60 Days of CVRC Technical Input #2		
CVRC Hearing	CVRC Hearing to review and consider Urban Core Development Permit (UCDP).	Staff & Galaxy

5.1-21

ATTACHMENT #3

CVRC RESOLUTION NO. ____

RESOLUTION OF THE CHULA VISTA REDEVELOPMENT CORPORATION APPROVING AN EXCLUSIVE NEGOTIATING AGREEMENT WITH GALAXY COMMERCIAL HOLDING, LLC FOR PROPERTIES LOCATED ON THE SOUTHEAST CORNER OF E STREET AND WOODLAWN AVENUE

WHEREAS, it is the role and responsibility of the Chula Vista Redevelopment Corporation ("CVRC") and the Redevelopment Agency of the City of Chula Vista ("Agency") to promote economic vitality, create market confidence, encourage environmental health and remediation, create public benefits and amenities, and facilitate the development, reconstruction, and rehabilitation of residential, commercial, industrial, and retail uses in the City of Chula Vista; and

WHEREAS, an Exclusive Negotiating Agreement ("ENA") is an important redevelopment tool to the Agency to establish a legal and contractual framework for negotiations and provide a defined timeline for completion of predevelopment activities with a developer on a potential redevelopment project; and

WHEREAS, Galaxy Commercial Holding, LLC ("Developer") has submitted a Statement of Qualifications and unsolicited proposal to develop a mixed-use residential condominium project on privately-owned properties located at the southeast corner of E Street and Woodlawn Avenue, consisting of Assessor Parcel Numbers 567-031-1700, 567-031-2800, 567-031-2900 ("Property"), located in the Agency's Added Area Redevelopment Project Area ("Added Area"); and

WHEREAS, CVRC support staff has determined that Developer is qualified to design and develop a high quality project at the proposed development site that is consistent with the goals of the Agency's adopted Redevelopment Plan for the Merged Chula Vista Redevelopment Project Area, containing the Added Area; and

WHEREAS, the Chula Vista Redevelopment Corporation ("CVRC") became a legal entity on June 15, 2005, and became operational on February 23, 2006; and

WHEREAS, the CVRC is authorized under Chapter 2.55.060 of the Chula Vista Municipal Code ("CVMC") to approve exclusive negotiating agreements within redevelopment project areas on behalf of the Agency; and

WHEREAS, it is in the interest of the Chula Vista Redevelopment Agency and the City of Chula Vista for the Chula Vista Redevelopment Corporation to execute and enter into an ENA with Developer for the proposed development site based on Developer's qualifications; and

WHEREAS, approval of the ENA is exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) of the State CEQA Guidelines; and

5.1-22

WHEREAS, state law and locally-adopted owner participation rules provide for the extension of owner participation rights to all property owners who would be affected by the proposed development; and

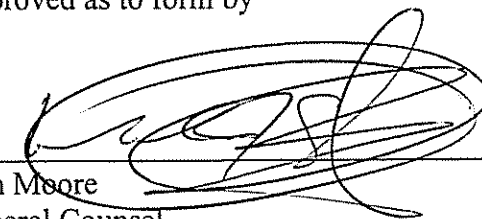
WHEREAS, no owner participation process is required at this time as the Property is currently the subject of a Purchase and Sale Agreement between the Developer and owner.

NOW THEREFORE BE IT RESOLVED that the Chula Vista Redevelopment Corporation does hereby approve the Exclusive Negotiating Agreement with Galaxy Commercial Holding, LLC for Property located at the southeast corner of E Street and Woodlawn Avenue, and authorizes the Chair to execute said Agreement.

Presented by:

Eric Crockett
Secretary

Approved as to form by



Ann Moore
General Counsel

5.1-23

Ken Lee

From: Totaro, Susan [stotaro@cra.lacity.org]
Sent: Monday, September 17, 2007 8:24 PM
To: Ken Lee
Subject: RE: Vue / Galaxy Commercial Holding, LLC

Hi Ken,

I'd be happy to give you a favorable recommendation on Galaxy Holdings project, the VUE. Please be advised the CRA/LA did not enter into any agreement with Galaxy for the VUE and has not provided any financial assistance. In Sept. 2004, the CRA approved a discretionary land use action to permit residential (318 units) on land designated commercial in the Beacon Street Redevelopment Project Area. Galaxy was also successful in obtaining an amendment to the San Pedro Community Plan from the City Planning Dept. that was essential in building housing on the site. A portion of his 5th Street property had been zoned industrial which did not permit housing. The entitlement process for this project took at least 18 months.

Galaxy, through Mr. Cohen, himself and his development team have been cordial and responsive to the San Pedro community's suggestions to improve the design of the building to make it more pedestrian friendly. The Galaxy Team and landscape architects had met with the Pacific Corridor Community Advisory Committee and Design Advisory Panel on a number of occasions to address the blank walls of the five story parking structure along Centre Street and ways to activate 5th Street, since the development offered no retail. The VUE is indeed a signature project and has created a lot of excitement in San Pedro. We commend Mr. Cohen for his tenacity, his belief in San Pedro and for building a first class high-rise on a site that had been empty for THIRTEEN YEARS with an obsolete ten story office structure.

While the CRA had no agreement with Galaxy, the CRA and community's conditions were adhered to because, the CRA is a signatory on the building's construction permit.

Please call me, if you have any questions.

SUSAN TOTARO
Project Manager
(213) 977-1987
(310) 241-0326;
(310) 241-0328 (fax)

5.1-24

10/24/2007

Galaxy Commercial Holding, LLC

August 29, 2007

Attn: Mr. Eric Crockett
Attn: Mr. Ken Lee
City of Chula Vista
Community Redevelopment Department
276 Fourth Avenue
Chula Vista, CA 91910

RE: **Statement of Qualifications: Transit Focus Area of the Urban Core Specific Plan**

Dear Mr. Crockett and Mr. Lee:

Please allow this cover letter and the attached information to serve as a Statement of Qualifications ("SOQ") for purposes of entering into an Exclusive Negotiating Agreement regarding a proposed development consisting of an MTS site and other sites located in the Transit Focus Area of the Urban Core Specific Plan (as described below).

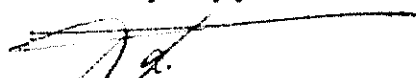
We are very excited about the opportunity to play a critical role in assisting with the revitalization of the Transit Focus Area by creating and designing a project that is consistent with our development efforts for the shopping center and Best Western sites (described below), innovative, outstanding and distinct for the community and the region, vibrant, pedestrian friendly, transit oriented and enduring. We envision this development opportunity as a catalyst for the redevelopment of the Urban Core Specific Plan.

Attached please find a Statement of Qualifications consisting of the following information:

1. Developer Contact information;
2. Developer qualifications;
3. Development experience;
4. Financial capability;
5. Conceptual development proposal; and
6. Disclosure Statement attached as Exhibit "A".

If you require additional information, please do not hesitate to contact us. We look forward to working with you!

Very truly yours,


Raffi Cohen

8906 W. Olympic Blvd Suite 200, Beverly Hills, CA 90211
Tel: 310-273-7233 Fax: 310- 273-7239
www.galaxyholding.com

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STATEMENT OF QUALIFICATIONS

1. Developer Contact Information:

Galaxy Commercial Holding, LLC
8906 West Olympic Boulevard
Suite 200
Beverly Hills, CA 90211
Phone: 310.273.7233
Fax: 310.273.7239
rcohen@galaxyholding.com

2. Developer Qualifications:

Galaxy Commercial Holding, LLC, a Delaware limited liability company ("Galaxy"), is an urban residential and commercial real estate development firm based in Beverly Hills, CA. The company's mission is to provide innovative, enduring value enhancement for a variety of commercial and residential properties in urban and infill areas with a focus on high-rise buildings.

In 2007, Galaxy was ranked #10 by the Los Angeles Business Journal as one of the top residential real estate developers in Southern California (see attachment, Exhibit "B").

Galaxy Members & Biographies:

Raffi Cohen, Principal and President

Galaxy's principal officer is Raffi Cohen, who manages and administers the entire development process. Mr. Cohen has been developing properties for more than 25 years and is best known for his influence as a developer of high-rise commercial and residential properties. Mr. Cohen has also developed hundreds of apartment buildings as well as numerous hotels and retail projects.

Throughout his development experience, Mr. Cohen has developed close working relationships with the City and County of Los Angeles and with the State of California.

Mr. Cohen is an active member of the Urban Land Institute's Mixed-Use Council. Mr. Cohen is responsible for improvements that will enhance Southern California's business and residential communities. Mr. Cohen is also a member of the Chairman's Circle of the San Pedro Chamber of Commerce and the Beverly Hills



Galaxy Commercial Holding, LLC

Chamber of Commerce. In 1989, Mr. Cohen was appointed to the Downtown Strategic Plan Advisory Committee, known as the LA 2000 Committee, by former Los Angeles Mayor Tom Bradley.

Mr. Cohen continues to provide counsel and advice as needed to various agencies and firms for highest and best use of various properties.

John Conway, Chief Financial Officer

Mr. Conway brings an extensive background in real estate development and investment to Galaxy. He has worked with numerous public and private companies, joint venturers, owners and investors.

Mr. Conway began his career in public accounting as a CPA for Kenneth Leventhal & Company in Los Angeles. He then spent 17 years at a real estate company located in Newport Beach, CA moving from Controller to President. While there, he oversaw numerous joint venture and development projects including the planning and development of two master planned communities, single and family multi-housing projects, office and other commercial developments.

Mr. Conway holds a Bachelor's and a Master's Degree in Business Administration and Accounting from California State University, Northridge and CPA and Real Estate Broker licenses.

Steve Cienfuegos, Vice President of Construction

Mr. Cienfuegos brings more than 30 years experience in development, construction, sales and operations/management in residential and commercial projects.

Prior to Galaxy, Mr. Cienfuegos has held numerous senior level positions in project management, purchasing, field operations and as development manager. Prior employers include Hearthstone Homes, Capstone West, Catellus, Birtcher Construction and Capital Pacific Holdings.

Professional affiliations include membership to Building Industry Association of Southern California, Valley Board Redevelopment Agency, Board of Directors of Southern California Home Builders Council, Chairman H.B.C. Seminars, and B.I.Z. Show Seminars Committee.

Mr. Cienfuegos has a Bachelors Degree in Business from Whittier College, graduated from Whittier State College of Law in 1975 and holds a California General Contractor License.

8906 W. Olympic Blvd Suite 200, Beverly Hills, CA 90211
Tel: 310-273-7233 Fax: 310- 273-7239
www.galaxyholding.com

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Galaxy Commercial Holding, LLC

Brian Angelini, Entitlements/Project Planning

Mr. Angelini joined Galaxy in 2007 after practicing real estate development law with the law firm of Robert O. Smylie & Associates. While working at Smylie & Associates, Mr. Angelini assisted developers with California Department of Real Estate processing and entitlements involving various product types such as mixed use, residential and commercial properties. He is a member of the American Bar Association Real Estate Property Section, Urban Land Institute and Los Angeles County Bar Association.

Diane Erickson, Project Manager

Ms. Erickson has been involved in real estate development for over 25 years and brings a wealth of experience and knowledge to the team, particularly in the San Diego markets. Ms. Erickson began her real estate career as a project architect both in Oklahoma and California. From 1982 through 1990, Ms. Erickson worked as a project architect for Architect Coombs Mesquita, Inc and Lorimer Case Architects, in San Diego, CA. Since then and beginning in 1990, she has been a project manager with various companies and governmental agencies including the Corky McMillin Companies, Intracorp Development Inc., the Port of San Diego and Preferred Equities Development Group. Throughout her career, Ms. Erickson has primarily worked in the San Diego County Area.

During her career as project manager, Ms. Erickson has been responsible for coordinating consultants, participating and cooperating with various government agencies, including, the California Department of Real Estate, City of San Diego, CCDC, DEH and Board of Commissioners. Additionally, Ms. Erickson has participated in meetings with planning groups, city councils hearings, and other regulatory agencies. While working for the Port of San Diego, Ms. Erickson's duties included review of tenant documents, EIR and Coastal Development permits. Further, she prepared reports to commissioners, presentations to Tenant Association, Board of Port Commissioners, and worked on projects involving the Port Master Plans for Shelter Island, Airport, Chula Vista and National City Marine Terminal.

Ms. Erickson is a California registered Architect and received a Bachelor of Science of Architecture from Oklahoma State University.

Lauren Cohen, Vice President

Ms. Cohen has been with the company since 1998 and directs the marketing for Galaxy and its respective projects and is actively involved in all aspects of the company's daily operations and activities.

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Tel: 310-273-7233 Fax: 310- 273-7239
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Galaxy Commercial Holding, LLC

Ms. Cohen began her real estate career with Chesterton Binswanger Capital Advisors ("CBCA") in Philadelphia. Ms. Cohen was a financial analyst, and promoted to associate and then relocated to Los Angeles by CBCA to launch a new office. Ms. Cohen was also a due diligence consultant for LNR Properties for six years and assisted LNR with the purchase of non-investment grade commercial mortgage backed securities ("CMBS").

Ms. Cohen's professional activities include member of the Chairman's Circle of the San Pedro Chamber of Commerce, San Pedro Waterfront Committee, Urban Land Institute, Beverly Hills Chamber of Commerce, Beverly Hills Chamber's Government Affairs Committee and the City of Beverly Hills Residential/Commercial Committee of the General Plan Update. In June of 2007, Ms. Cohen was selected by the Mayor of Beverly Hills and City Council to participate in the 2007-2008 Team Beverly Hills program. Ms. Cohen is also affiliated with a number of charitable organizations in Los Angeles.

Ms. Cohen received a Bachelor's Degree in Linguistics from Northwestern University in Chicago and is a licensed real estate salesperson and notary public in Los Angeles.

Other Team Members:

Sales & Marketing

Ryness Company
Jeffrey S. Woerner, Sr. Vice President
11622 El Camino Real
Suite 300
San Diego, CA 92130
Phone: 858.259.7707
j.woerner@rvness.com

Architect

Martinez + Cutri Corporation
750 B Street
Symphony Towers 1700
San Diego, CA 92101
Phone: 619.233.4857
Fax: 619.233.7417

8906 W. Olympic Blvd Suite 200, Beverly Hills, CA 90211
Tel: 310-273-7233 Fax: 310- 273-7239
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Galaxy Commercial Holding, LLC

Anthony Cutri, Principal Architect

acutri@mc-architects.com

Nicole Comp, Administrative Coordinator

ncomp@mc-architects.com

Environmental

Enviropro

9765 Eton Avenue

Chatsworth, CA 91311

Phone: 818.998.7197

Fax: 818.998.7258

Mike Uziel, Phd.

Mike.uziel@enviropro.com

Construction

Bovis Lend Lease, Inc.

800 West 6th Street

Los Angeles, CA 90017

Phone: 213.430.4660

Fax: 213.430.4699

Todd C. Pennington

todd.pennington@bovislendlease.com

3. Development Experience:

Galaxy and its affiliated companies have extensive experience in all types of residential and commercial development with a strong focus on high rise buildings in urban areas. Galaxy's goal is to achieve enduring, architecturally unique projects. Selected projects from its portfolio, include, without limitation:

Notable Current Projects:

- a. Vue - 16-story, 318 unit condominium project, the largest development to date on the waterfront in Old Town San Pedro, and boasts unrivaled views of the harbor, Vincent Thomas Bridge, Downtown Long Beach, and Palos Verdes Peninsula as well as a strategic location between Downtown Los Angeles and Orange Counties. Galaxy processed zone changes and variances with the Redevelopment Agency and the City to procure the entitlements for this exciting project which has changed the landscape and

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Tel: 310-273-7233 Fax: 310- 273-7239

www.galaxyholding.com

B.1-30

skyline of Old Town San Pedro. www.vue-living.com

- b. Blu - 11-story contemporary apartment high-rise, Blu features 37 appointed residences, with a maximum of only five units per floor. As the only for-lease high-rise in Beverly Hills, Blu's rooftop terrace lounge will be the ultimate spot from which to sip a cocktail while enjoying 360° views and the sunset. Galaxy processed an empty 11-story office building and assisted the city of Beverly Hills in adopting an adaptive reuse ordinance for its redevelopment. www.blubeverlyhills.com
- c. 1300 Redlands Blvd – Multi-phased project consisting of 100,000 sf office building in the first phase and located within the City's Redevelopment area. The 1300 Redlands building will embody an office park atmosphere, with beautiful trees and artistic greenery, as well as ample parking and a relaxing common area. 1300 Redlands will be an inviting place for clients and patrons to visit. It will also be a comfortable place to conduct business, and will serve as a home away from home for the working professional. This 3-story, glass and concrete building is creatively designed and will soon be meticulously crafted by an experienced team of architects, designers and craftsmen. Galaxy has entered into an ENA with the Redevelopment Agency to acquire 2 other parcels for the second phase.
- d. San Bernardino Office Tower – Galaxy has entered into an Exclusive Negotiating Agreement with the Redevelopment Agency of San Bernardino to develop a minimum 150,000 square foot office tower.

Notable Completed Projects:

- c. Figueroa Plaza – Mr. Cohen is probably best known for his development of Figueroa Plaza: 660,000 square feet of twin office towers, with 1.2 million square feet of underground parking, at First and Figueroa Streets in downtown Los Angeles.

Working closely with the City of Los Angeles, Mr. Cohen and his team conducted extensive studies and research to devise a development plan and eventually secured entitlements that changed the zoning from residential to high-rise office, with a large underground parking structure. This formerly Z location ultimately became home to City Hall, Imperial Bank, leading law firms, government agencies and other key tenants. Architectural design by Ellervee Becket Associates.

Galaxy Commercial Holding, LLC

- f. Sylmar Villas - Sylmar Villas is an 80-Unit apartment housing project at the Northeast corner of Larkspur Street & Encinitas Avenue, in Sylmar, California. The project comprises five 16 unit buildings with 40 two-bed/one-bath units and 40 units one bedroom/one-bath units. After hard work and careful due diligence, Galaxy secured entitlements and decided the highest and best use for this property is to target a population of middle income and ages 55 and older.
- g. Cypress Villas - Cypress Villas is an 83-Unit luxury apartment project in the Redlands, CA. The apartment units range in size from 770 square feet to 1,200 square feet. Select units have panoramic views of the mountains and community. All units have premium fixtures and appliances. There is also a fitness center, club room/media lounge.

Redlands is a rapidly growing community in the Inland Empire, where there is currently a strong demand for multi-family development.

Galaxy worked for several years with the City of Redlands to secure the entitlements for this project. Galaxy takes pride in being the only developer approved for a large apartment project in the City of Redlands in the last 20 years.

- h. 421 S. Beverly Drive - 58,000 sf, eight-story office building is on Beverly Drive just south of Olympic Boulevard in Los Angeles. Originally a nondescript office property, Mr. Cohen envisioned an extensive, high-tech, contemporary renovation that included the addition of large windows, high ceilings, and state-of-the-art wiring.

Galaxy was awarded the 2001 Architectural award by the Beverly Hills Architectural Commission for this property. Upon completion of the renovation, the building was 100% leased to an internationally acclaimed entertainment company, Fireworks Entertainment.

For further information and photos of current and completed projects by Galaxy, please visit our website at <http://www.galaxyholding.com> and click on the "Projects and Properties" tab.

4. Financial Capabilities:

Galaxy has created strong relationships with equity partners, investors and lenders. Galaxy works with various companies, including, without limitation, the Carlyle Group, HSH Nordbank, Capmark, PFF Bank, CIBC, Bank of America

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and UBS.

5. Conceptual Development:

Site Description

Located in the Transit Focus Area of the Urban Core Specific Plan, the proposed development area is situated in an ideal location for the creation of residential densities to support and reinvigorate the E Street Trolley. Development at this location will also present important opportunities to create enhanced linkages and pedestrian access to and from the adjacent E Street Businesses, Harborview and Mid Broadway Districts.

Galaxy is interested in developing a high-density mixed-use residential project in an area that combines the existing Bayfront Plaza, Best Western, a portion of Travelers Inn and the existing Bayfront Trolley Station. The subject property consists of 6 parcels located on the south side of E Street from Interstate to Jefferson Avenue (Assessor' Parcel Numbers, 567-031-2600, 567-031-1700, 567-031-2800, 567-031-3900, 567-032-0600, 567-032-0800) and totals approximately 9.97 acres (434,932 square feet). Exhibit "C" provides a site map of the area.

Existing Uses

Bayfront Plaza is a local neighborhood shopping center that was built in the 1960s. The Best Western and the Travelers Inn are small to mid-sized motels also built in the 1960s. E Street is a major link from Interstate 5 to the Village District and is characterized by a mixture of small to mid-sized motels, restaurants, small businesses and multifamily uses. The site is located in the Urban Core Specific Plan's E Street Trolley (Transit Focus Area) UC15 Subdistrict, which allows FARs between 4.0 and 6.0, heights between 45' and 210', primary land use maximums of 90% residential, 1-10% Retail, 10% office and 1-10% hospitality.

6. Disclosure Statement:

Attached hereto as Exhibit "A".

Exhibit A

Disclosure Statement

Pursuant to Council Policy 101-01, prior to any action upon matters that will require discretionary action by the Council, Planning Commission and all other official bodies of the City, a statement of disclosure of certain ownership or financial interests, payments, or campaign contributions for a City of Chula Vista election must be filed. The following information must be disclosed:

1. List the names of all persons having a financial interest in the property that is the subject of the application or the contract, e.g., owner, applicant, contractor, subcontractor, material supplier.

None, N/A

2. If any person* identified pursuant to (1) above is a corporation or partnership, list the names of all individuals with a \$2000 investment in the business (corporation/partnership) entity.

None, N/A

3. If any person* identified pursuant to (1) above is a non-profit organization or trust, list the names of any person serving as director of the non-profit organization or as trustee or beneficiary or trustor of the trust.

None, N/A

4. Please identify every person, including any agents, employees, consultants, or independent contractors you have assigned to represent you before the City in this matter.

None

5. Has any person* associated with this contract had any financial dealings with an official** of the City of Chula Vista as it relates to this contract within the past 12 months. Yes ___ No ✓

No

If Yes, briefly describe the nature of the financial interest the official** may have in this contract.

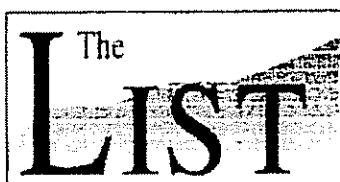
N/A

6. Have you made a contribution of more than \$250 within the past twelve (12) months to a current member of the Chula Vista City Council? No ✓ Yes ___ If yes, which Council member?

N/A

LOS ANGELES BUSINESS

WEEK OF MAY 14, 2007



RESIDENTIAL REAL ESTATE

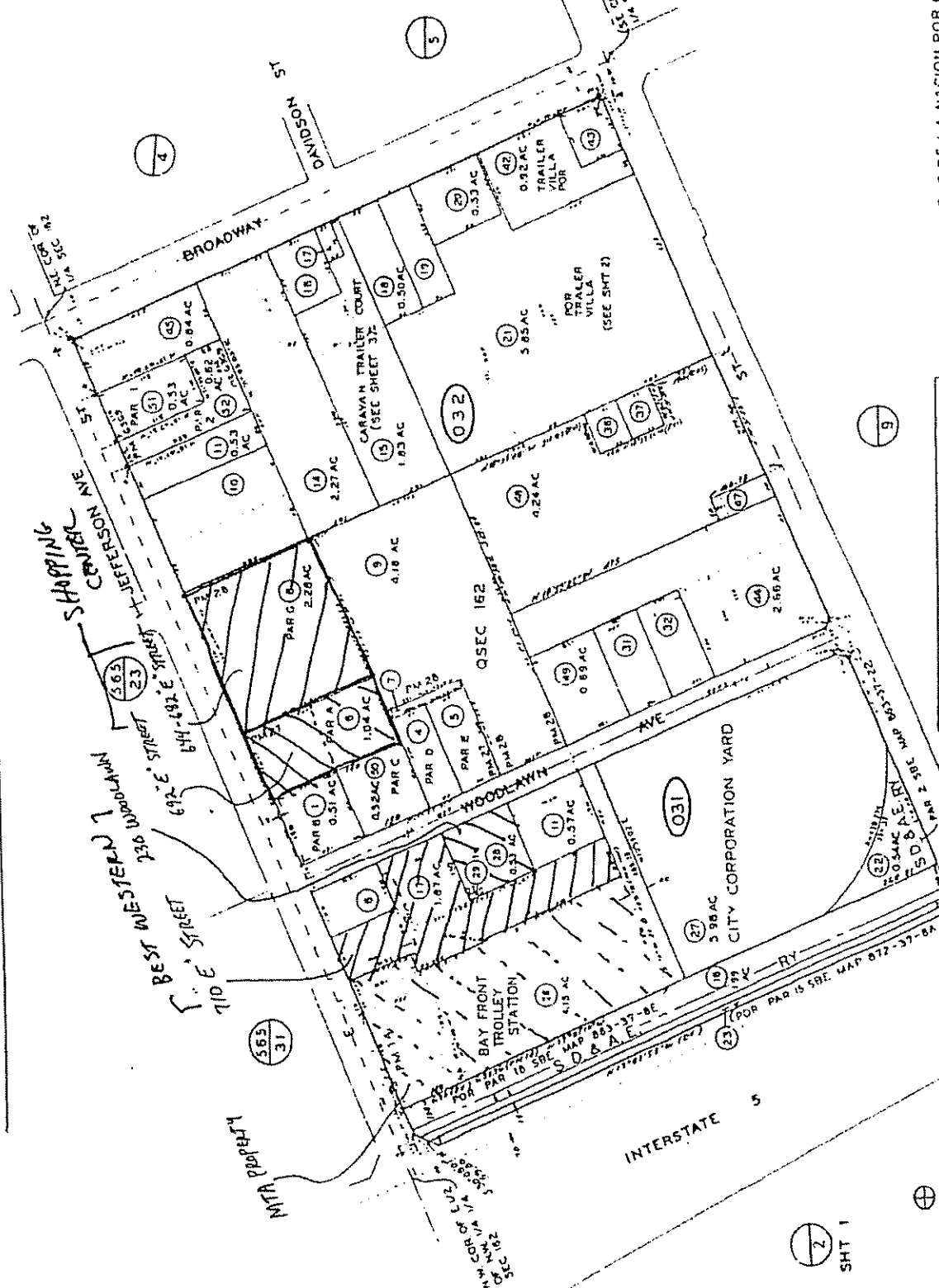
Ranked by units sold in L.A. County

Rank	Company * name * address	L.A. Units Sold * 2006 * 2005	Total Units Sold * 2006 * 2005	2006 Closed Deals (value in millions) * L.A. County * total	Developments (partial list)
1	KB Home 10930 Wilshire Blvd. Seventh Floor Los Angeles 90024	660 753	39,013 37,140	\$468.1 \$11,033.8	Tierra Del Sol, Wild Rose, Bella Vista, Vineyards, Blackberry Briar at Plum
2	Intracorp Southern California 3300 Irvine Ave., Suite 385 Newport Beach 92660	513 NA	NA NA	312.5 NA	Cove, West Ocean Tower 2, The Fort, Delacey at Green, Alicante, The Al
3	D.R. Horton Inc. 28009 Smyth Drive Valencia 91355	466 728	49,268 54,794	257.7 14,517.4	Dorado Skies, Sunridge Estates, Sevilla, Terraza Villa, Sundance, Sol Winchester
4	Lennar Corp. 25 Enterprise Aliso Viejo 92656	372 558	42,212 43,405	140.4 14,854.9	Toscana, Ardenah, Belmar North, B Castillo, Esperto, Heirloom, Pacific Vista, 6005 Wilshire, Bellevue T
5	K. Hovnanian/Forecast Homes 3536 Concourse St. Suite 100 Ontario 91764	239 712	17,940 16,274	NA 6,109	Camino Solano, Cooperstown, El Ranch, Westview Estates, Stetson Aliso
6	Troxler Residential Ventures LLC 5023 N. Parkway Calabasas Calabasas 91302	222 480	NA NA	NA NA	NA
7	Beazer Homes 27202 Turnberry Lane, Suite 200 Valencia 91355	219 406	18,669 18,146	114.5 5,462	Ivywood, Silver Leaf, Somerset
8	John Loring Homes 5805 Sepulveda Blvd., Suite 600 Van Nuys 91411	213 231	2,623 2,455	140.8 1,300	Element and Indigo, Marina del Rey Glen, Symar, Desert Rose, Pal
9	Richmond American Homes of California 1305 Corona Pointe Court Corona 92879	211 239	13,123 15,307	NA 4,650.6	NA
10	Galaxy Commercial Holding LLC 8906 W. Olympic Blvd., Suite 200 Beverly Hills 90211	210 NA	NA NA	NA NA	Blu, Vue
11	Pacific Communities 1000 Dove St., Suite 100 Newport Beach 92660	191 231	322 207	NA NA	NA
12	Anastasi Development Co. LLC 511 Torrance Blvd., Second Floor Redondo Beach 90277	187 96	191 117	103.3 104.1	Breakwater Village
13	Olsen Co. 3020 Old Ranch Parkway Suite 400 Seal Beach 90740	187 372	NA 805	NA NA	133 Promenade Walk, Arden Walk, Walk, Sunset Walk, Village Walk, Walk, Willow Walk
14	South Group 1120 NW Couch St. Suite 600 Portland 97209	176 NA	402 NA	\$78 \$178	Luma, Evo
15	Pulte Homes 27220 Turnberry Lane, Suite 190 Valencia 91355	173 226	41,487 45,630	NA NA	Carmel Estates, Mora

5.1-35

1-800-345-7334

SCALE 1/10 OF AN INCH



567-03
SHT 1 OF 3

7/12/00 NAT

Exhibit C

CHANGES	FLN OLD	NEW	CUT
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1-1/2" DIA 1" DIA MAP 2748-37-13

M 156 (M505) - RHO DE LA NACION POR QSEC 152
ROS 13433, 15614, 15635

THIS MAP WAS PREPARED FOR ASSAYMENT PURPOSES ONLY. NO WARRANTY IS MADE BY THE COUNTY OF SAN DIEGO AS TO THE ACCURACY OF THE INFORMATION CONTAINED HEREIN. THE USER SHALL BE RESPONSIBLE FOR OBTAINING NECESSARY PERMITS AND FOR OBTAINING ADEQUATE INSURANCE COVERAGE.

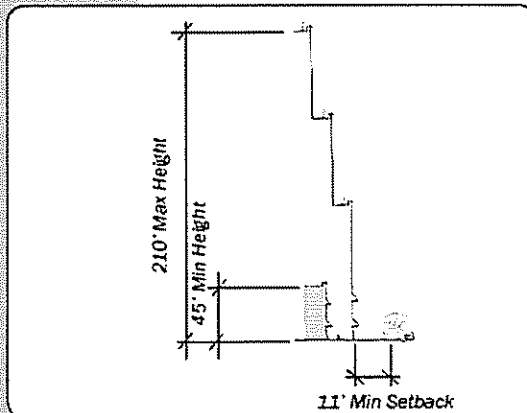
FOR PAR 20
SBE MAP 803-37-80

SAN DIEGO COUNTY
ASSESSOR'S MAP
RDS-567-15614-03 SHT 1 OF 3

UC-15 E Street Trolley (Transit Focus Area)

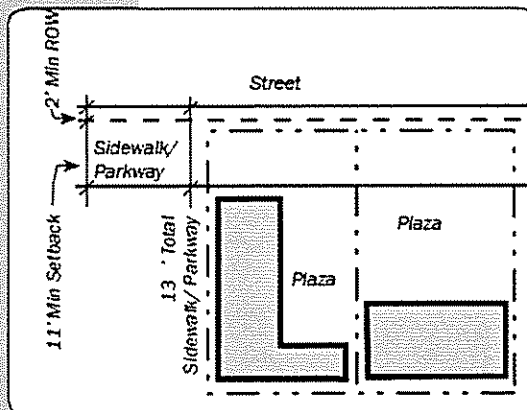
**Rezone of portions of this
subdistrict not adopted.**

**See CVMC 19.28 (R-3 zone)
and City Design Manual for
development regulations and
design guidelines.**



Section View

Fig. 8.44



Plan View

Fig. 8.45

Urban Regulations

1. **Floor Area Ratio:**
Min: 4.0 Max: 6.0
2. **Lot Coverage:**
Min: 45% Max: 60%
3. **Building Height:**
Min: 45' Max: 210'
4. **Building Stepback:** Not mandatory
5. **Street Wall Frontage:** N/A
6. **Setbacks:**
Street Min: 11'* Street Max: N/A
(*Applies only along E Street between I-5
and 300' east of I-5)
7. **Open Space Requirement:** 100 sf/du
8. **Primary Land Uses:**
Residential: 90% Max
Retail: 1% Min 10% Max
Office: 10% Max (Not allowed on ground
floor facade, except for access)
Hospitality: 1% Min 10% Max

Parking Regulations

1. **Parking Locations:**
Any, except in front of building
2. **Residential Parking:**
Min: 1 space/du
Guest: 0 spaces
Onsite Min: 100%
3. **Non-Residential Parking:**
Min: 1 space/1,000 sf
Onsite Min: None

Summary sheet does not reflect all regulations that may apply to each property. Please consult the remainder of the chapter for all criteria.

ATTACHMENT #7

EXCLUSIVE NEGOTIATING AGREEMENT SCHEDULE OF ACTIVITIES

ACTIVITY	DESCRIPTION	RESPONSIBLE PARTY
Within 90 Days of ENA Execution		
Development Concepts	Submittal of preliminary development concepts and design for staff review and comment.	Galaxy
CVRC Technical Input #1	Early technical input and comment from CVRC Board of Directors on preliminary development concepts, including development opportunities and constraints in the UC-15 Subdistrict.	Staff & Galaxy
RAC #1	Presentation of preliminary design concepts and drawings to the Redevelopment Advisory Committee for early public input.	Galaxy
Within 120 Days of RAC #1		
Application Submittal	Formal submittal of Urban Core Development Permit (UCDP) application.	Galaxy
RAC #2	Presentation of project design to the Redevelopment Advisory Committee for review, comment, and advisory recommendation.	Galaxy
CVRC Technical Input #2	Presentation of revised/final project design to CVRC Board of Directors for technical input and comment prior to final CVRC Hearing.	Galaxy
Within 60 Days of CVRC Technical Input #2		
CVRC Hearing	CVRC Hearing to review and consider Urban Core Development Permit (UCDP).	Staff & Galaxy

5.1-38